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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

# IBTEX No. 254 of 2018 — December 14, 2018

USD 71.72| EUR 81.47 | GBP 90.59 | JPY 0.63

## Cotton Market (13-12-2018)

**Spot Price ( Ex. Gin), 28.50-29 mm**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 21300 | 44517 | **78.78** |

**Domestic Futures Price (Ex. Gin), December**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 22220 | 46440 | **82.18** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( March 2019) | 79.97 |
| ZCE Cotton: Yuan/MT ( May 2019) | 15,355 |
| ZCE Cotton: USD Cents/lb | **101.09** |
| **Cotlook A Index – Physical** | **88.30** |

**Cotton Guide:** ICE cotton edged lower due to lesser trade. The March contract traded between 79.57 cents/lb and 80.30 cents/lb settling at 79.97 cents/lb, 5 points lower. All the other nearby months followed a similar trend by showing negative slide in the range of 5 to 25 points. This decline has been attributed to lower demand with supplies increasing. ICE estimated volume was at 14,100 as compared to the previous figure of 25,030. Total open interest increased by 197 contracts to 220,077 contracts.

March increased by 114 contracts to 131,165 while May interest increased by 93 contracts to 36,365 (source Cotton Outlook). We expect the trading range to be in the bracket of 78 and 82 cents/lb. Recent data from CFTC showed that speculators raised long positions in cotton by 5450 contracts to 22,567.

The Indian Nearby contracts also witnessed a similar trend in trading as was seen in ICE. December decrease by 160 Rs and settled at 22220 Rs/Bale. The January, February and March Contracts also skid with -150, -160, -110 Rs to 22460, 22710, 22920 Rs/Bale.

Arrival figures in India amounted to 158,500 lint equivalent bales, including 47,000 in Maharashtra, 40,000 in Gujarat and 21,000 in Madhya Pradesh. According to our private sources, a total of around 85 lakh bales arrivals have come into the market. It becomes difficult for the bulls to drive the market based on such a small figure. On the other hand the farmers are withholding stocks in majority of the country.

It's been around 13 days since the G20 summit which resulted in positive conversations between the US and China. China had promised to start immediate purchases of Agricultural goods from US, but no trade seems to have happened.

The US President recently informed that the trade negotiations are going on very well and a few updates are likely to be announced soon.

On the Technical Front, ICE Futures continued to move in the sideways trading in a range of 78.60-81.20 after the trend line break out.

In the daily charts the RSI is at the levels of 52, indicating no sign of clear direction. So for the day it's expected that market may continue to move in the range of 78.60-81.20.

Either side break will decide further direction of the market. The range for domestic futures Is expected to be 21,900 to 22,400 Rs/Bale Therefore, we still expect the market to be in the phase of consolidation.

Currency Guide

Indian rupee has opened firmer by 0.5% to trade near 71.69 levels against the US dollar. Rupee has benefitted from upbeat inflation and industrial production data. Consumer price rose 2.33% on the year in November as against forecast of 2.58% growth. Industrial production rose 8.1% in October beating market expectations of 6% growth. Lower price pressure and robust growth will give central bank more flexibility on monetary policy.

There are some concerns about government's interference in working of RBI after surprise resignation of RBI governor Urjit Patel and appointment of demonetization fame S Shaktikanta Das as the new chief. The new RBI governor however said that he'll "uphold the autonomy, the integrity and credibility" of the institution. Also supporting rupee is gains in global equity market amid US-China trade hopes.

Reports that China is looking to redraft its 'Made in China' 2025 plan boosted hopes that trade talks are progressing better than expected. Rangebound movement in crude oil has also benefitted rupee. Brent crude trades in a narrow range near $60 per barrel as smaller than expected decline in US crude stocks was countered by US-China trade optimism.

Rupee has fallen sharply and may see some recovery amid gains in equity market and steady crude price however we do not expect a sustained rise. USDINR may trade in a range of 71.4-71.9 and bias may be on the downside.

**Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source**

# NEWS CLIPPINGS

| | INTERNATIONAL NEWS |
|---|---|
| **No** | **Topics** |
| 1 | Global economic outlook not very bright |
| 2 | Vietnam Faces Growing Pains as Manufacturing Demand Ramps Up, World Bank Says |
| 3 | T-MEC to boost apparel exports, fights undervaluation between US, Mexico, Canada |
| 4 | USA: Why Fiber Content Labels Matter For Both Online and In-Store Shoppers |
| 5 | Ethiopia-S Korea textile, apparel investment forum starts |
| 6 | Indonesia signs trade deal with EFTA |
| 7 | Ongoing trade war may impact Asia Pacific |
| 8 | How Egypt became hot spot for Chinese firms in wake of US trade war |
| 9 | Bangladesh export earnings from India up 165 per cent |
| 10 | Biggest growth market for Portugal textiles is China |
| 11 | Pakistan: Ginned cotton export: efforts afoot to get quota-free access for Chinese company |
| 12 | Pakistan, Italy to pursue joint ventures in trade, economic spheres |
| 13 | Afghanistan opens new trade route with aim of building link to Europe |
| 14 | Italian textile machinery on show at Irantex |
| 15 | Strikes at 50 Factories and One Port in Bangladesh Hamper Garment Supply Chain |
| 16 | More than 30 textile chemicals to be restricted in the EU |
| 17 | Jordan PM lays foundation stone for Chinese textile unit |

| | NATIONAL NEWS |
|---|---|
| 1 | MEA stepped up efforts to address trade related issues of textiles industry: Smriti Irani |
| 2 | EU, India and China ‘new trilateral’ at WTO, says US |
| 3 | GST Council likely to keep only luxury, demerit goods at 28 per cent |
| 4 | Gujarat MSMEs under stress as NPAs rise across sectors |
| 5 | Amazon India signs MoU on marketing support for MSMEs |
| 6 | No proposal to change existing FDI policy in multi-brand retail trade: DIPP Secy |
| 7 | Rieter organises Com4 Yarn seminar in Ahmedabad |

# INTERNATIONAL NEWS

## Global economic outlook not very bright

Cracks are beginning to form around the world. The world's two largest economies -- the United States and China -- are starting to cool. The central danger to global outlook is the US trade conflict with China, due to the potential to spillover to the rest of the world.

The dispute threatens to derail, halt or shift hundreds of billions of dollars in global trade but the US also is threatening tariffs on auto imports.

Steep US tariffs on steel and aluminum already have hit the bottom line of American manufacturers. Continued escalation of the tariff threats could cut 0.8 percentage points off global growth.

The trade conflict threatens to undercut growth, hamper investment and spur US inflation.

The US recovery will soon become the longest in recorded history but the boost provided from last year's tax cuts is dwindling. Rising interest rates and a shortage of workers are crimping the housing market.

Other worries are the surge of borrowing by heavily indebted companies, the huge weight of US student loan debt and the impact of rising interest rates on home buying.

Europe faces political and economic upheaval and Japan remains in a long-term funk.

Chinese manufacturers say they feel they're entering a slowdown and that they are being hurt already due to higher export costs and overcapacity.

Source: fashionatingworld.com- Dec 13, 2018

HOME

*****************

# Vietnam Faces Growing Pains as Manufacturing Demand Ramps Up, World Bank Says

Economic growth in Vietnam has proven resilient, driven by strong domestic demand and a dynamic export-oriented manufacturing sector, even with potentially harmful external conditions working against it, a new World Bank Report said.

"Taking Stock," the World Bank's bi-annual economic report on Vietnam, forecasts the pace of expansion to remain at 6.8 percent this year, higher than the projected 6.3 percent for emerging markets in East Asia and the Pacific. In the medium term, Vietnam should see a slower pace of 6.6 percent in 2019 and 6.5 percent in 2020, in line with the global trend. Inflation is expected to remain at 4 percent as a result of tightening monetary policies.

"Despite a challenging global context, Vietnam continues to achieve robust growth accompanied by moderate inflation and a relatively stable exchange rate," said Ousmane Dione, World Bank country director for Vietnam. "Policy makers should take advantage of the still favorable growth dynamics to advance structural reforms to enhance private sector driven investment and growth, along with improving efficiency in public sector investment."

Given Vietnam's high trade exposure and limited fiscal and monetary policy buffers, World Bank said the country remains susceptible to external volatilities. Escalating global trade tensions such as the U.S.-China trade war could cause a decline in export demands, while tightening global liquidity could reduce capital inflows and foreign investment.

In the apparel export sector, however, Vietnam has taken advantage of importers' flight from China. Apparel imports from Vietnam to the U.S. jumped 16.9 percent to $1.33 billion worth of goods in October compared to year earlier. For the year to date through Oct. 31, Vietnam's shipments rose 7.35 percent to $10.65 billion and the country's market share gained 7.48 percent–No. 2 behind China–to garner a 14.82 percent share.

However, Sebastian Eckardt, World Bank lead economist for Vietnam, said, "Slower global growth, ongoing trade tensions and heightened financial volatility cloud the global outlook. As an open economy, Vietnam needs to maintain a responsive monetary policy, exchange rate flexibility and low fiscal deficits to enhance its resilience against potential shocks."

In light of the recently ratified Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the EU-Vietnam Free Trade Agreement, the Taking Stock report stressed streamlining non-tariff measures to help boost Vietnam's export competitiveness. And while tariffs are rapidly declining, the number of non-tariff measures is increasing. According to this report's assessment, the non-tariff measures system in Vietnam "remains complicated, opaque, and costly, resulting in high cost of compliance."

Source: sourcingjournal.com - Dec 13, 2018

HOME

*****************

## T-MEC to boost apparel exports, fights undervaluation between US, Mexico, Canada

The signing of a new regional trade deal between Mexico, the United States and Canada, on November 30, 2018 in Argentina, augers well for the Mexican garment and apparel industry. The deal, known by the acronyms USMCA in the United States, CUSMA and ACEUM in Canada, and T-MEC in Mexico, replaces the North American Free Trade Agreement (NAFTA), operation since the last 24 years in the three countries' joint trading area.

The T-MEC agreement will not only allow Mexico to maintain its pace of exports to the North American market but also improve quality of products and marketing initiatives. However, until T-MEC is approved by the USA, Mexico will continue to benefit from the NAFTA agreement signed in 1994. Other Latin American countries, however, are not likely to benefit from the deal, and will have to either find new markets or establish partnerships within the Mexican textile industry to approach the Canadian and US markets at less of a disadvantage.

### Opportunity for the domestic market

Raúl García Tapia, Director of Fashion Outlet and former Director General of the Mexican National Chamber of the GarmentT MEC to boost apparel exports fights undervaluation between US Mexico Canada 001 Industry (Ca.Na.I.Ve.), believes that the new deal brings certainty in terms of customs duties, reassuring both Mexican companies and North American buyers.

However, the new treaty includes some tariff restrictions for Mexican textile manufacturers. It mandates that garment components such as sewing thread, fabric linings, elastic and coated fabrics should be sourced from the signatory countries only. This forces Mexican suppliers to stop importing certain components from Asian countries, and provides them with an opportunity to produce these materials internally, generating more employment and economic benefits.

**Ensuring greater cooperating**

The T-MEC will also help the Mexican textile industry fight undervaluation -- a disguised form of contraband where importers declare a lower value of the imported goods at customs. The T-MEC allows more stringent checks on the compliance of imported goods with rules of origin, and for checking for infringements of customs regulations, while at the same time it sets up a textile committee to facilitate consultations and ensure greater cooperation between authorities.

According to Ca.Na.I.Ve, the Mexican textile industry exports $6.4 billion worth of goods per year to the US, making it the largest Latin American apparel exporter to the USA, and the sixth globally.

Source: fashionatingworld.com - Dec 13, 2018

HOME

*****************

## USA: Why Fiber Content Labels Matter For Both Online and In-Store Shoppers

If it seems like consumers are very often price-driven when it comes to their clothing purchases, they are. But some in the apparel industry say consumers, as well as manufacturers, would do well to focus as much on the fiber content and care labels as they do on cost—whether the clothes are being sold online or in-store.

Timo Rissanen, associate dean for the School of Constructed Environments at the Parsons School of Design, says consumers should be made aware of what they're buying, especially when the quality of the cloth matters.

Low-grade fibers or apparel made without much fiber in the cloth leads to poor quality. In clothes, this translates into garments that lose shape, don't last very long and are quickly destined for the donation box or landfill.

"We need to educate society on where the price they pay goes," Rissanen said, "so that everyone better understands what the impact is on them when we are not paying the 'true cost' of something."

In the U.S., federal law requires "most textile and wool products to have a label listing the fiber content, country of origin, and the identity of the manufacturer or another business responsible for marketing or handling the item."

The problem in finding fiber content and care details is both online and in-store. Some garments will have "pages" of fiber content labels, teeming with information in tiny typeface and in various languages. It would seem, then, that it would be easier to read garment information when shopping online. But this isn't consistently listed in online retailers' details or specifications links. However, clearly providing this information can make a difference in whether shoppers ultimately buy a product.

Nearly two-thirds of consumers (63 percent) say fiber content is important in their apparel purchase decisions, according to the Cotton Incorporated Lifestyle Monitor™ Survey. In general, most consumers who check labels say they're looking for cotton (82 percent). That's likely because 81 percent of consumers say cotton is their favorite fiber or fabric to wear.

Consumers feel that when a product is made of cotton compared to other fibers, it's the most comfortable (86 percent), sustainable (86 percent), softest (83 percent), highest quality (78 percent), and more versatile (63 percent), according to Monitor™ research. Shoppers also make a point of looking for cotton fiber when shopping for apparel gifts during the holidays. Besides comfort (34 percent), gift givers like that cotton is easy care (12 percent).

That factors into why consumers read the fiber content labels. A good portion says they want to see what a garment is made of or to look for a particular fiber (28 percent), according to the Monitor™ research.

This is followed by laundering instructions (24 percent), gauging quality and durability (18 percent), assessing its comfort/how it feels (11 percent), and judging whether it will shrink (10 percent).

It's worth noting that as much as Americans like to buy clothes, they're not very interested in putting in a lot of time or effort taking care of them. In a study by Kelton Global in partnership with LG, the electronics and appliance maker, it was discovered that most Americans (80 percent) overload their washers past capacity.

Not only is this rough on the garments, but 22 percent reported their clothes weren't even properly cleaned. The Kelton study also found that most people (53 percent) risked ruining their clothes by mixing clothes they knew should be separated, just to avoid doing another load of laundry.

In a separate Nielsen study, researchers found that even though Americans have some of the highest self-reported use of washing machines and dryers (82 percent), they're more likely to do laundry only once a week or less. This compares to global regions like Asia-Pacific, where 45 percent report doing laundry every day.

This laundry aversion might factor into why more than four in 10 shoppers (42 percent) say they always/usually check the labels before they make their purchase. Additionally, the majority of consumers (52 percent) say knowing fiber content when shopping online for clothes would ultimately influence their decision to make a purchase.

That's why it's important for manufacturers and retailers to provide fiber content details for consumers who are browsing or shopping online. Even though the large majority of consumers still prefer to buy clothes in-store (72 percent), most shoppers prefer to research clothes online (61 percent), according to Monitor™ research. And nearly a quarter of cyber shoppers (22 percent) say that compared to last year, they're more concerned about not being able to know the fiber content of the clothes.

Consumers are also becoming aware that microplastics from synthetic clothing are polluting water, from oceans and rivers to the tap water. These particles come from polyester, nylon, acrylic and other synthetic fibers.

Researchers at Plymouth University in the U.K. (2016 study) found that more than 700,000 of these plastic microfibers leach out with every load of laundry. Researchers are concerned about microplastic particles being consumed by marine life, and ultimately entering the food chain.

Rissanen says designers and consumers should not have to figure out what is good or bad for the environment on their own.

"At the root of all of such choices presently is our economic system: it tolerates and even encourages injustice and inequality," he said. "Ethics ultimately resides in actions, not words, and we ought to demand ethical leadership in business and politics alike, including in fashion."

Source: sourcingjournal.com - Dec 13, 2018

HOME

*****************

## Ethiopia-S Korea textile, apparel investment forum starts

A forum to enhance textile and apparel investment by South Korea in Ethiopia was recently initiated in Addis Ababa. It will strengthen bilateral cooperation and offer a platform for business opportunities.

Launching the forum, Ethiopian foreign minister Aklilu Hailemichael said South Korean investors are showing excellent performance in several sectors.

The potential of the Ethiopian textile industry and the economic reforms being undertaken to strengthen the country's economy by opening up and introducing competition is well known, Korea's Ambassador to Ethiopia Hoon-min Lim said.

The Ethiopian textile and apparel industry grew at an average rate of 51 per cent in the past six years, according to a news agency report.

Source: fibre2fashion.com - Dec 14, 2018

HOME

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# Indonesia signs trade deal with EFTA

Indonesia has concluded a free trade agreement with the European Free Trade Association (EFTA). EFTA is an intergovernmental organisation representing Iceland, Liechtenstein, Norway and Switzerland.

The agreement covers a wide range of issues, including the trade in goods and services between the two parties, investment protocols, mutual acknowledgement of intellectual property rights and participation in future government procurement initiatives.

In 2017, total merchandise trade between Indonesia and the EFTA bloc amounted to $2.3 billion.

Of this, Indonesia's EFTA-bound exports totaled $1.7 billion while its imports from the four-string trading group was $597 million.

Indonesia is hoping for a series of trade agreements. For Indonesia, trade agreements with partner countries can increase the export value and increase market share.

With such agreements in place Indonesia expects its exports of textile and textile products to increase three-fold.

The industry in Indonesia wants downstream products to be protected from the onslaught of imports. One agreement Indonesia has is with Australia.

Another is the Regional Comprehensive Economic Partnership, a proposed free trade agreement between Asean and China, India, Japan, South Korea, Australia and New Zealand.

Yet another is with the European Free Trade Association. Agreements with Mozambique, Tunisia and Morocco are expected to be completed soon.

Source: fashionatingworld.com - Dec 14, 2018

HOME

*****************

# Ongoing trade war may impact Asia Pacific

The trade war between the US and China may have a bad impact on the Asia Pacific region.

Tensions have begun to disrupt existing supply chains and dampen investor confidence, as evidenced by the deceleration in trade growth after the first half of 2018.

At this rate export growth may slow to 2.3 per cent in 2019, compared to a nearly four per cent growth in export volume in 2018.

FDI inflows to the region are also expected to continue in their downward trend next year, following a four per cent drop in 2018.

Since many of the main export industries in the region are relatively labor-intensive, a contraction of exports could spell at least temporary hardship for many workers.

Asia and the Pacific will see a minimum net loss of 2.7 million jobs due to the trade war, with unskilled workers, often women, shouldering a more severe impact.

If the tariff war escalates in 2019 and investor and consumer confidence drop, global GDP could ultimately be cut by nearly $400 billion, also driving regional GDP down by $117 billion dollars.

Almost nine million people could be put out of work in the region, with many more workers also moving to new jobs in different sectors.

Source: fashionatingworld.com - Dec 13, 2018

HOME

*****************

# How Egypt became hot spot for Chinese firms in wake of US trade war

Cheap labour, US-China tensions and controversial tax-free access to the US market increasingly draw garment manufacturers and buyers to Egypt

The real winner of any future US-China trade war might very well be Egypt.

Tensions between the two countries ought to have calmed after a three-month truce was announced between the two countries at the G20 meeting in Buenos Aires concluded earlier this month.

Then a senior Chinese executive at its telecoms giant Huawei was arrested in Canada on a US warrant relating to renewed Washington sanctions against Iran, sparking a new round of recrimination.

With lingering uncertainty, rising labour costs in East Asia and a scheme that gives Egyptian manufacturers tax-free access to the US market so long as Israeli materials are used, Asian textile and garment manufacturers and Western buyers are increasingly turning to Egypt, they told Middle East Eye at a conference in Cairo last month.

Official delegations and companies from China and the US attended the Destination Africa conference to scope out business opportunities and bolster trade.

A manager of an Egyptian textile firm, who asked to be anonymous over concerns that he could face repercussions for speaking to journalists, told MEE: “We are hearing China could move up to 20 percent of production to Egypt and elsewhere, either by setting up shop, through mergers or full acquisitions of local companies.

"Part of the attraction is cheap labour and faster shipment times to the USA and Europe."

Wages have been rising in China, reaching $600 a month, as well as in other Asian manufacturing hubs, at $275 in Vietnam and $130 in Bangladesh. In Egypt, wages are $100 or less.

Also driving the change in garment sourcing is that China itself has a burgeoning domestic market for clothing that needs to be met, expected to be worth $341bn by 2020, larger than the European Union's $303bn market, and the US market worth $289bn, according to Euromonitor International forecasts.

"China is going to invest abroad and it will increase very rapidly," said Zheng Jian, international project director at office for social responsibility for the China National Textile and Apparel Council (CNTAC), at the event.

But what may really trigger investment is the US-China trade war, uncertainty over which is pushing Chinese manufacturers to look for new hubs to avoid potential tariffs of 25 percent into the US.

US buyers are also expecting sourcing from China to drop in the near future, according to 67 percent of buyers recently polled by the United States Fashion Industry Association (USFIA).

"Protectionism is on everyone's agenda, and it is affecting business decisions...it's a concern for producers," said Christian Schindler, director general of the International Textile Manufacturers Federation, at the event.

**Tax-free incentive**

Egypt is particularly attractive as a result of its Qualifying Industrial Zones (QIZ), a programme that allows Egyptian manufacturers to export garments to the US duty-free if at least 10.5 percent of products used in a garment are Israeli.

The zones were established by the US Congress in 1996 to "normalise relations" between Egypt and Israel, and has generated over $8.6bn in exports since 2004, according to the Readymade Garment Export Council of Egypt (RMGEC).

But the scheme has also raised concerns among Egyptians who reject normalisation of relations with Israel and specifically protested against QIZs during the 2011 uprisings.

Last year, exports from the QIZs were worth $752.7m while in the first half of 2018, exports to the US grew by 25 percent, the highest growth rate among the US's top 25 suppliers, according to QIZ Egypt figures. QIZ exports account for 46.7 percent of Egypt's total exports to the US.

While the Trump administration threatens protectionist measures by raising tariffs on imports, the "QIZ is pretty safe as it's a tripartite agreement, no one will touch it," said Eihab El Zaher, export manager at Sweet Girl, an Egyptian garment producer, and member of the RMGEC.

Egypt wants to bolster the current $2.4bn in garment and textile exports, roughly split between the EU and US, to $10bn by 2025. If that figure is achieved, around $5bn or more would be destined for the US, significantly increasing the amount Israel will net through the QIZ agreement.

Chinese firms will also benefit from the QIZ agreement, and directly bolster Israeli exports.

Such an uptick in exports is considered probable given the historical trajectory of other garment manufacturers to reach over $5bn in annual exports, said experts.

"It took Bangladesh eight years, Vietnam seven years, and Cambodia five years, so it takes between five to 10 years to move from the first $1bn to the threshold of $5bn," said Navdeep Sodhi, partner at Switzerland-based Gherzi Textile Organisation, at Destination Africa.

Bangladesh, considered a garment export success story, now exports $29bn of clothing a year, and Vietnam $27bn.

**Billions from China**

Key to Egypt expanding significantly will be Chinese investment. "The US says it is coming to Egypt as an alternative to China, and we can see the Chinese are interested in investing in Egypt," said Sherin Hosni, executive director of the RMGEC.

However, members of Egypt's General Authority for Investment (GAFI) were apparently unable to provide Chinese investors with accurate figures on infrastructure costs at Destination Africa, prompting one Egyptian textile manufacturer who attended the closed-door meeting to mimic shooting himself in the head when he described it to MEE.

Nonetheless, overall Chinese investment has surged in Egypt, with close to $6bn committed over the past four years, while $18bn in deals were signed with Chinese companies during President Abdel Fattah al-Sisi's visit to Beijing in September, including railway, real estate and energy projects.

According to a Chinese businessman from a major Shanghai-based company that exports garments globally who wanted anonymity, Egypt will be a major sourcing hub for Chinese companies as he expects up to 50 percent of Chinese production to relocate.

"I think a lot of production will move outside of China, and Egypt will benefit due to the [free trade agreement]. Due to the trade war (with the US), companies don't like uncertainty so it will drive investment (in Egypt)," he said.

Asked about Chinese firms being willing to source from Israel in order to fall in line with QIZ requirements, he said it was a formality. "It is mainly about having the right paperwork, which can be arranged, as you don't have to import what is stated (10.5% from Israel). It is the FTA that is important," he said.

To attract foreign investment, Egypt has established a new industrial city in New Suez, slated to open at the end of the year, and allocated 1.2 million square metres of land in the industrial zone of El Minya in Upper Egypt. Foreign companies can employ up to 25 percent of its workforce as non-Egyptians.

**Made in Ethiopia?**

What could be a particular growth driver of Egypt's garment exports is the expansion of Hong Kong-based Li & Fung, the world's leading supply chain solutions partner which connects buyers, retailers and suppliers for consumer brands and retailers, in the country.

Currently, out of the $16bn in volume and five billion pieces of clothing that Li & Fung sourced globally last year, just $30m – or 1.62 million pieces - were from Egypt. By 2019, Li & Fung wants to double that figure, and by 2022 aims to source $90m from Egypt.

"Our short-term focus is how to scale up in Egypt, and then start in other (African) countries in a bigger way," said Jason Kra, FRC division president at Li & Fung, at Destination Africa.

Yet while Egypt offers favourable investment terms to foreign companies - Turkish and South Korean firms are already established at QIZs – Egyptian companies may feel the squeeze and are looking to move south.

"Ethiopia is giving us more options," said the production manager of a family-run Egyptian textile company who wanted anonymity because he also feared repercussions he could face in Egypt for speaking to journalists.

"In two or three years' time, Chinese companies could kill the market here, and are tax-free to get set up, while we don't have that advantage. We are going to move to Ethiopia as electricity is half the price, wages are as low as $30 a month, land is free (at industrial zones), and they also have an FTA with the USA."

Source: middleeasteye.net- Dec 13, 2018

HOME

*****************

# Bangladesh export earnings from India up 165 per cent

During the first five months of the current fiscal year Bangladesh's export earnings from India rose 165 per cent.

Since giant business groups such as Reliance and Tata have opened up retail chain shops across India, gives an opportunity to Bangladesh to become a prominent supplier to these companies.

Another fact is that the Indian domestic market has grown and the number of fashion conscious consumers has increased.

This is a win-win situation for both countries since Bangladesh imports readymade garment raw materials such as cotton and machinery from India.

Goods coming from Bangladesh are exempt from GST. This has a positive impact on imports from Bangladesh into India.

What also helps is that the Indian market is closer to Bangladesh compared to the European and the US markets. The shipment time from Bangladesh to India is barely four hours.

In the first five months of the current fiscal year, Bangladesh's export earnings from Germany grew 15.50 per cent. Export earnings from the UK grew 2.55 per cent.

Earnings from Spain grew 12.81 per cent and earnings from the Netherlands were 13.14 per cent more than last year.

Bangladesh's currency has depreciated against the dollar and that is a strong reason behind the continuous growth in exports to European countries.

Source: fashionatingworld.com- Dec 13, 2018

HOME

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## Biggest growth market for Portugal textiles is China

The Associação Têxtil e Vestuário de Portugal (ATP) industry group says the value of Portuguese exports to China of textiles and clothing grew to €50.4 million (US$57.1 million) in the first 10 months of this year, 69.6 percent more than in the corresponding period last year, Lusa reports.

The Portuguese news agency quotes a statement from the Textile and Clothing Association of Portugal which says the growth in sales of Portuguese textiles and clothing in China was the fastest for any global market this year.

The report says the value of all Portuguese textiles and clothing exports in the first 10 months of 2018 was €4.47 billion, 2.4 percent higher than the same time a year earlier.

The Portuguese surplus in international trade in textiles and clothing was €904 million in them period from January to October, Lusa says.

Source: forumchinaplp.org.mo- Dec 12, 2018

HOME

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## Pakistan: Ginned cotton export: efforts afoot to get quota-free access for Chinese company

Secretary Textile Division, Syed Iftikhar Babar is striving hard to get quote-free access for a Chinese company which intends to export 1 million tons of Pakistani ginned cotton to China yearly, well-informed sources in Textile Division told Business Recorder.

Wang Wei, Director, Shengshan (South Asia) Resources (Pvt) Ltd, sources said, has approached the Textile Division through a letter and submitted a presentation with the request to take up the matter with the government of China to allow quota-free access to Pakistan for ginned cotton, as they have allowed to some African countries. He stressed that it would help to increase investment in ginning sector and support the most neglected farming community of Pakistan.

M/s Shengshan South Asia Resources (Pvt) Ltd is a joint venture of Pakistan & China with a total investment of $30 million in Pakistan. They have set up a state-of-the-art cotton ginning unit in Pakistan employing the world's latest technology and with the aim to market Pakistani cotton in the international market. At present, joint venture needs ginned cotton export quota for one million tons per year for China which is a manageable limit and would not have any adverse effects on the local market.

Recently, the Chinese Ministry of Commerce announced a 25% imposition of import tariff for United States of America (USA) and is looking for alternates. It is a good opportunity for Pakistan to enter the Chinese market through zero-quota policy, sources quoted Secretary Textile as saying.

According to sources, Secretary Textile has sought intervention of Prime Minister's Advisor, Abdul Razzak Dawood, saying that the request of M/s Shengshan (South Asia) Resources (Pvt,) may be considered favorably as they claim to export 0.5 billion tons of ginned cotton per annum from Pakistan, if allowed by China on zero-quota import policy, since same facility is already extended to some African nations.

According to the company, Pakistani cotton produced in "our state of the art ginning plant is equivalent to the international standards with trash level below 1% and bale size of 220 kgs (avg & above)"; this kind of quality has never been produced in Pakistan. The product has been evaluated and tested by the National Textile University Faisalabad, and appreciated by the local spinners who used the product.

The total crop output of Pakistan is normally used to produce coarser counts of yarn, ie, 6/1 to 24/1 the local textile units are consuming only 60% of the local cotton for coarser counts of yam and the remaining 40% rely on imported cotton from India, Afghanistan, Central Asian states and USA to produce finer counts, ie, 32/1, 40/1, 60/1, 80/1.

Further, the company says that seed cotton produced in Pakistan is still of inferior quality as compared to India and the company has to compete with the Indian products in China. Therefore, the company requested Secretary to take up the issue and support the highly depressed sector of the Pakistani market.

"We have invested heavily in the neglected sector of ginning and are trying to enhance our investment in this sector. India in the last five years has become the major supplier of cotton to China replacing US cotton, hence the business growth between India & China has increased manifold," said the company's Director, Xiao Wei.

He maintained that during his meeting with the Textile Secretary and Textile Commissioners in the past three years, he apprised them about the company's efforts to value add the ginning sector of Pakistan. The company further requested the Textile Division to take up with the Textile Ministry of China to allow quota free access to Pakistan for cotton as they have allowed similar benefits to African countries.

"This will help further investment in ginning sector. We need the cotton export quota of only 1.000 million tons per year which is a manageable limit and would not have any adverse effects on the local market but the ginners would be able to produce better quality. We would have a chance to earn foreign exchange for the country and moreover support much neglected ginning sector," he added.

Source: fp.brecorder.com - Dec 13, 2018

HOME

*****************

## Pakistan, Italy to pursue joint ventures in trade, economic spheres

Pakistan and Italy on Thursday agreed to pursue joint ventures in trade and economic spheres by transfer of the technology, ARY News reported.

The accord came at a meeting between Foreign Minister Shah Mahmood Qureshi and Secretary General of the Italian Ministry of Foreign Affairs Elisabetta Balloniat in the federal capital today.

Both the leaders also reaffirmed the excellent cooperation existing between the two countries at the multilateral fora, including the United Nations, and agreed for its further strengthening.

On the occasion, Mr Qureshi appreciated the longstanding Pakistan-Italy ties and strong institutional mechanisms of cooperation in diverse fields, including the political dialogue process.

He emphasized upon the need to enhance high level exchanges and augment cooperation in the spheres of trade, investment, economic development, culture and tourism.

Qureshi underlined the need for opening channels of legal migration between the two countries.

The Italian Secretary General said her government's resolve to strengthen bilateral relations in all areas and assured full cooperation on working together with the new government of Pakistan.

The two sides discussed a wide range of regional and bilateral issues of mutual interest and expressed satisfaction at the current state of relations.

Earlier on December 5, Pakistan and Italy had inked a Memorandum of Understanding (MoU) for boosting economic and trade associations in various sectors.

Mohammad Younus Dhaga, Federal Secretary for Commerce while addressing as chief guest at the MoU signing ceremony between ICE, Italian Trade Agency & Trade Development Authority of Pakistan (TDAP) stated that, both countries have mutually decided to enlarge the association in the sectors of infrastructure, construction, energy, logistics, transport, telecoms, water, machinery, equipment for manufacturing marble and stones, textile, clothing, leather, shoes, rubber, metal & various chemical products.

He also added that, Italy and Pakistan had exceptional bilateral political and trade associations based upon the history.

Furthermore, Italy was amongst the top ten trading partners of Pakistan in the world and third largest in terms of trade relations with European Union (EU).

Source: arynews.tv- Dec 13, 2018

**HOME**

*****************

# Afghanistan opens new trade route with aim of building link to Europe

Afghanistan on Thursday opened a new international trade route aimed at establishing direct access to Central Asian and Europe as it seeks to build up an economy wrecked by decades of war and reduce reliance on Pakistan.

President Ashraf Ghani inaugurated the route, known as the Lapis Lazuli corridor, at a ceremony in the western province of Herat.

"For over 17 years Afghanistan was in isolation, today Afghanistan is connected with its neighbours and beyond," Ghani said at the ceremony, which saw the first trucks set off with dried fruit, herbs and textiles bound for Turkmenistan, Azerbaijan, Georgia, and Turkey.

The corridor is the latest in a series of energy and transport projects aimed at opening Afghanistan up as a hub at the heart of Central Asia.

Ghani, a former World Bank official, has pushed such projects, including the $10 billion TAPI - Turkmenistan, Afghanistan, Pakistan, and India - natural gas network launched this year, as essential to building a functioning Afghan economy.

The new corridor - which includes stretches or road, rail and maritime routes - runs from Afghanistan to Turkmenistan, Azerbaijan and Georgia before crossing the Black Sea to Turkey and eventually Europe.

Ghani is trying to reduce land-locked Afghanistan's dependence on its eastern neighbour, Pakistan, with which it has long had complicated relations.

Afghanistan accuses Pakistan of providing safe haven and support to Taliban insurgents, a charge rejected by Pakistan. Major crossings on their border are regularly closed for political and security reasons.

"Afghanistan has to reduce its dependency on Pakistan for international trade, the country has to establish new trade routes to improve the domestic economy," said Abdul Nasheed, a senior member of the independent Afghanistan Chamber of Commerce.

Last month, Afghanistan inaugurated an air cargo service to China by sending 20 tons of pine nuts. It has a similar cargo link with India.

Source: news.trust.org- Dec 13, 2018

HOME

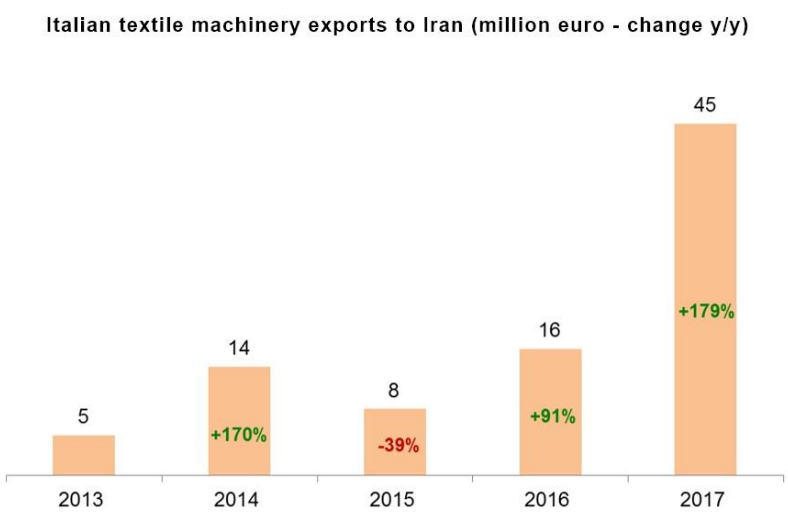
*****************

## Italian textile machinery on show at Irantex

This year's edition of Irantex, a comprehensive international trade fair for textile machinery and textile products that concluded in Tehran last week, featured a significant number of Italian textile machinery manufacturers.

Among them 14 companies exhibited in the Italian Pavilion, the common area set up by the Italian Trade Agency and ACIMIT (the Association of Italian Textile Machinery Manufacturers).

The following ACIMIT members companies were presenting their latest developments at the Italian Pavilion: Arioli, Caipo, Cognetex, Fadis, Ferraro, Fk Group, Laip, Lgl, Marzoli, Mesdan, Savio, Sicam, Smit, and Stalam.




"Despite the concern for the restoration of international sanctions against the country, Iran remains a market of absolute importance for Italian textile machinery manufacturers," commented Alessandro Zucchi, President of ACIMIT.

"Irantex is a further opportunity to strengthen the links between the Iranian textiles industry and Italian technology suppliers. Indeed, the Italian textile machinery offer is already well-known by Iranian textiles companies. The value of Italian sales in 2017 – equal to EUR 45 million – is proof of this. In 2018 first half the Italian exports to Iranian market totalled a value of EUR 15 million."

ACIMIT represents an industrial sector comprising around 300 manufacturers employing close to 12,000 people and producing machinery for an overall value of about EUR 2.7 billion, with exports amounting to more than 85% of total sales.

Source: innovationintextiles.com- Dec 13, 2018

HOME

*****************

## Strikes at 50 Factories and One Port in Bangladesh Hamper Garment Supply Chain

Conditions in Bangladesh's ready-made garment sector are growing strained this week as factory and port workers have taken to striking over wages and, in some cases, goods movement has been stalled.

Workers at the country's Benapole land port—which processes much of incoming inputs for garment factories, plus garments for export—have been on strike for at least three days over five months of outstanding wages, according to the Dhaka Tribune.

Importers have already alluded to substantial losses as "hundreds" of shipments are stuck at the port, as port workers are abstaining from loading and unloading the goods until they're paid, which they haven't been since July thanks to a contract dispute between the Bangladesh Land Port Authority and SIS, which employs the workers.

Separately, though also occurring over the last three days, as many as 50 garment factories have been shuttered over fears of unrest.

Though a 51 percent wage increase for the ready-made garment sector that would see workers' monthly wages reach 8,000 taka ($95), is set to take effect in January, workers are demonstrating over concerns the new pay won't be implemented, according to The Daily Star.

The upcoming wage increase was agreed upon in September and marks the first time rates were raised since 2013, when the current 5,300 taka ($63) monthly wage was set.

Twenty-five of the shuttered factories are reportedly in the Ashulia region, and the other 25 are in Gazipur.

Highlighting an emergency press conference that was called to address the situation, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said on its Facebook page Wednesday that some in the industry are trying to cause confusion among workers and create an unstable situation in the industry.

“Workers’ demonstration at this moment is not logical as the adjustment of the new wage structure has not been made yet. They are demonstrating based on rumors only,” The Daily Star reported BGMEA president Siddiqur Rahman as saying at the press conference.

Rahman suspects certain vested parties are looking to rile workers up ahead of the country’s upcoming national election, and has implored the government to take action against the instigators disrupting the garment supply chain there.

“The instigators have been threatening workers about going to the workplaces,” The Daily Star reported Rahman as saying. “So far no major untoward incident like vandalism has taken place.”
However, absent workers means halted production and it’s already causing problems for the industry. For now, factory owners are imploring workers to return to their posts on promises that they’ll be ready to pay the new wage rate next month.

AK Azad, managing director of Ha-Meem Group, whose workers have remained absent amid the strike told The Daily Star, “I asked workers to continue the work as the management has been working on adjusting the grade and salary of the workers.”

Source: sourcingjournal.com- Dec 13, 2018

HOME

*****************

## More than 30 textile chemicals to be restricted in the EU

The European textile industry has until December 2020 to comply to a new EU regulation restricting the use of 33 chemicals which are classified as carcinogenic, mutagenic or toxic for reproduction, including benzene, formaldehyde and heavy metals.

These substances are either used to confer certain properties to textiles or remain in fabrics as a residue from the production process. The new maximum concentration limits apply to clothing, accessories, footwear and any textiles that come into contact with the human skin.

Find the full list of restricted substances here.

Source: dailytimes.com.pk- Dec 13, 2018

HOME

*****************

## Jordan PM lays foundation stone for Chinese textile unit

Jordanian Prime Minister Omar Razzaz recently laid the foundation stone for a Chinese textile factory that will create hundreds of jobs in the country's south.

The factory, affiliated to the Jerash Holdings Company that started operations in Jordan since 2000, will initially create 500 jobs in the Al Hasa area. Later, around 1,000 jobs will be created.

"The investment by Chinese investors shows their strong belief in the country and its economy," Razzaz was quoted as saying by a state-run news agency.

Chinese ambassador to Jordan Pan Weifang promised his country's commitment to offer grants and investments to Jordan.

Source: fibre2fashion.com- Dec 14, 2018

HOME

*****************

# NATIONAL NEWS

## MEA stepped up efforts to address trade related issues of textiles industry: Smriti Irani

Textiles Minister Smriti Irani Thursday said the External Affairs Ministry has stepped up efforts to help the domestic industry facing trade-related challenges, including non-compliance of treaties by certain countries.

While addressing a CII conference here, the minister said the domestic market also holds enormous potential for textiles industry.

The minister said she has brought to notice of the External Affairs Ministry certain issues that the industry has raised with regards to challenges and non-compliance of treaties by some nations.

"We have been extremely grateful that the MEA has also stepped up and put in its own efforts to bring resolutions for the industry," Irani said.

She, however, did not elaborate.

The minister also stressed that the government recognises the need to have a WTO-compliant structure where the industry can be supported by it.

.we are currently working on it but since Parliament is in session, I am not in a position to give an active comment on it," Irani said.

On complaints regarding non-implementation of some decisions taken by the GST Council, Irani sought a paper from the industry so that the matter could be formally taken up with the Ministry of Finance.

The minister further said the textiles industry, for too long, has been focussing on exports.

The domestic market has huge potential, she said, adding the retail segment could be helped by new managerial skills.

Source: economictimes.com- Dec 13, 2018

HOME

*****************

# EU, India and China 'new trilateral' at WTO, says US

US unilaterally blocks proposal for filling four vacancies at WTO's Appellate Body

The US on Wednesday called the European Union (EU), India, and China the new "trilateral" at the World Trade Organization (WTO) as it rejected a proposal from the three sponsors for salvaging the highest court for global trade disputes from becoming dysfunctional in the next 12 months, saying Washington's concerns about the functioning of the court remain unaddressed, according to people familiar with the development.

The US has unilaterally blocked a proposal for filling four vacancies at WTO's Appellate Body (AB) for the past two years, saying the AB breached its mandate by going beyond the dispute settlement understanding in its rulings. The US said the AB had failed to adhere to the 90-day limit for issuing rulings and passed judgements on issues that were not part of its mandate.

The AB has been reduced to three members from seven due to the US blocking the selection process. From December 2019, the AB will be reduced to a single member when two more members—Ujal Singh Bhatia of India and Thomas Graham of the US—retire at the end of their second term.

To address the US' concerns, India joined the EU, China, Canada, Norway, New Zealand, Switzerland, Australia, Korea, Iceland, Singapore and Mexico, to issue a joint proposal on 26 November calling for filling "the vacancies on the Appellate Body and to amend certain provisions of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU)."

The 12 sponsors proposed a "transitional rule for outgoing Appellate Body members" by amending the provisions of the dispute settlement understanding.

"The DSU would provide that an outgoing Appellate Body member shall complete the disposition of a pending appeal in which a hearing has already taken place during that member's term," according to the amendment proposed by the sponsors.

A second proposal by the EU and China and India on 26 November called for enhancing "the independence of the Appellate Body and its members, which is needed in view of the experience of recent years."

The EU, India and China called for providing "for one single but longer (6-8 years) term for Appellate Body members." "The objective is to enhance the independence of the Appellate Body and its members, which is needed in view of the experience of recent years," the three signatories had argued.

At the crucial year-end General Council meeting on Wednesday, US trade envoy Dennis Shea rejected the proposal from India, China and the EU, arguing it will make the AB "even less accountable."

Shea said the proposal by the "trilateral" aims "to change the rules to authorize and accommodate the very approaches that would make the AB even less accountable."

The US, he said, made it very clear the Appellate Body member follow the rules that were agreed to in 1995.

India said the "existential crisis" facing the AB is its gravest concern. "We believe that an independent, two-stage dispute settlement system is imperative for the fair enforcement of the rules of international trade," India maintained.

"The impending paralysis and possible disappearance of the Appellate Body will be a fatal blow to the credibility of the WTO," Indian envoy J.S. Deepak argued.

" Without a system of enforcement of existing rules, the appetite for making new rules or for reforms would be poor," India cautioned. Deepak said there should be no linkage for addressing the AB crisis with other reforms being proposed by some members.

Source: livemint.com - Dec 13, 2018

HOME

*****************

# GST Council likely to keep only luxury, demerit goods at 28 per cent

The government has collected Rs 7,76,317 crore as GST revenue in April-November, the first eight months of this financial year.

The Goods and Services Tax (GST) Council in its upcoming 31st meeting on December 22 is likely to consider a further pruning of the peak 28 per cent slab and clarifications to remove anomalies.

Officials said rate cuts are being considered for items of household use and those used in construction sector such that the 28 per cent slab will then broadly include only luxury and demerit goods.

Also, GST rate on job work for some labour-intensive services that will benefit micro, small and medium enterprises (MSMEs) could also be lowered.

A lowering of GST rate for job work services such as maintenance, repair and installation (except construction) services, presently taxed at 18 per cent, could be in line with the reduction seen in August last year, when the Council had reduced the tax rate for job work for the entire value chain of textiles sector to 5 per cent.

Earlier, it was 5 per cent job work related to textile yarns, other than manmade fibres and textile fabrics, while for manmade fibres, it was 18 per cent.

At present, 39 goods are in the topmost slab out of the total 1,211 items placed in the five broad categories of zero, 5 per cent, 12 per cent, 18 per cent and 28 per cent.

Construction sector items such as marble, granite, cement and personal use items such as dishwashers, video games consoles remain in the topmost 28 per cent slab.

While Centre has always highlighted the high revenue cost associated with reduction in GST rate for cement, some states like West Bengal in the past have supported the proposal to reduce GST rates on cement.

If the Council concedes to the demand of reduction in GST rate on cement, it would translate into a revenue loss of about Rs 3,500 crore in the remaining three months of this fiscal, given that the annual cost of bringing cement in 18 per cent slab from 28 per cent slab is Rs 14,000 crore.

Some state government officials, however, expressed apprehensions over the proposed reduction in rates and the subsequent impact on GST revenue collections. "The revenue targets are challenging to meet and a further rate cut will make it tougher. We will discuss this in the officers level meeting that will take place before the Council meeting," a senior state government official said.

There were around 226 goods in the 28 per cent category when the GST was implemented on July 1, 2017. In its meeting on July 21, the GST Council had further rationalised the 28 per cent slab by cutting rates on paints and varnishes, and on daily-use items like perfumes, cosmetics, toiletries, hair dryers, shavers, mixer grinder, vacuum cleaners, lithium ion batteries, and cut rates to 18 per cent.

The government has collected Rs 7,76,317 crore as GST revenue in April-November, the first eight months of this financial year. In the Budget for 2018-19, GST collections, including compensation cess, have been pegged at Rs 7.44 lakh crore, out of which the Centre aims to collect Central GST (CGST) of Rs 6.04 lakh crore and Integrated GST (IGST) of Rs 50,000 crore.

In theory, IGST is supposed to be equally divided between Centre and the states. Adding State GST (SGST) collections equivalent to CGST would mean the total GST collections have been pegged at Rs 13.48 lakh crore, implying a monthly target of Rs 1.12 lakh crore.

This means that with Rs 7.76 lakh crore collected so far, the government needs to collect Rs 5.72 lakh crore in the remaining four months of this fiscal, implying a monthly collection of at least Rs 1.43 lakh crore. Government finances are already under strain, with Centre's fiscal deficit for April-October rising to Rs 6.48 lakh crore or 103.9 per cent of the full-year target of Rs 6.24 lakh crore.

Source: indianexpress.com- Dec 14, 2018

HOME

*****************

# Gujarat MSMEs under stress as NPAs rise across sectors

Be it global factors or local, micro small and medium enterprises (MSMEs) across Gujarat continue to remain under stress and this is clearly reflected with rising bad loans in the sector.

According to state level bankers' committee (SLBC) quarterly report, non-performing assets (NPAs) for MSME sector increased by Rs 2,205 crore, going up from Rs 6,321 crore in the second quarter of FY 2017-18 to Rs 8,526 crore in the corresponding quarter of FY 2018-19.

During the same period, MSME advances have also grown from Rs 90,046 crore to Rs 1.15 lakh crore. This also pushed the ratio of NPA to outstanding for the MSME sector from 7.02% to 7.40% during the period. Bankers believe MSMEs across an array of sectors are under stress.

"Borrowers from sectors such as textiles, garments, ginning, infrastructure and real estate, among others are under stress and therefore are unable to repay loans," said Ramesh Singh, executive director, Dena Bank.

Ginning mill owners in Rajkot and Mehsana are particularly among the worst affected, said a well-placed source. "Most of these industries have not yet recovered from the after-effects of demonetization and woes related to Goods and Services Tax (GST)-implementation."

SLBC report also indicates that the bad loans in the MSME sector have gone up by Rs 1,236 crore within a single quarter, rising from Rs 7,290 crore in the first quarter of FY 2018-19.

"Sectors such as textile and infrastructure are under stress due to multiple factors. Therefore, MSMEs – that are suppliers to big companies in these industries – are not getting enough business. This is adding to the stress on MSMEs," said Rohit Patel, convener, SLBC, Gujarat.

Bankers indicate that MSMEs are under stress across sectors including textile, garments, ginning infrastructure, and real estate, among others.

Commenting upon the industry scenario, Jaimin Vasa, president, Gujarat Chamber of Commerce and Industry (GCCI) said, "Delays in processing of tax refunds over months in addition to elongated payment cycles in the domestic and international market have squeezed the working capital for MSMEs. Unlike big companies and corporates, MSMEs don't have deeper pockets and therefore, are unable to repay loans in time."

Source: timesofindia.com- Dec 14, 2018

HOME

*****************

## Amazon India signs MoU on marketing support for MSMEs

Amazon's Indian arm on Thursday signed an MoU with the Federation of Indian Micro, Small and Medium Enterprises (FISME) to support sellers in the segment under which the e-commerce major would provide the platform and logistics, while FISME would provide support in the area of policy and regulations.

Under the memorandum of understanding (MoU), Amazon India, in collaboration with FISME, will conduct various events and workshops across the country in order to encourage MSMEs to sell their products to consumers from India and overseas by leveraging e-commerce marketplace solutions.

"Through these events, Amazon.in and FISME aim to educate MSMEs about online selling domestically and also B2C (business-to-customer) exports to enable them to sell across multiple international locations," an Amazon release said.

"As per this understanding, Amamzon will take care of the platform and the logistics needs, while FISME will work on the policy areas," FISME Secretary General Anil Bhardwaj said at the MoU signing ceremony.

"Partnership with Amazon India gives us the opportunity to use our extensive network for the development of Indian MSMEs. Through this partnership, we aim to empower our members and partner associations on various trade related opportunities that are present in the market," he added.

Through the collaboration, while MSMEs will get access to experts from Amazon, FISME will help them understand the procedures and requirements in areas such as logistics, cataloging, imaging, taxation, and will guide them through the entire process of selling through the e-commerce route, the statement said.

Amazon India has also announced a dedicated sale day for MSMEs on December 16.

"We wanted to make sure that small and medium businesses are taking advantage. These are unique products with good ratings. Based on our initial enrollment, thousands of sellers are already participating in this sale," Amazon India Seller Services Director Gopal Pillai said.

He also said that the e-commerce platform has over 4 lakh sellers in India of which 3.5 lakhs are small and medium sellers.

Speaking on the occasion Arun Kumar Panda, Secretary in the MSME Ministry, said that this segment "actually addresses the problem of regional imbalance in India because they are spread everywhere".

He also said simplifying of procedures had resulted in ensuring an MSME registration takes between 3-5 minutes and that 56 lakh such enterprises were already registered with the ministry.

Source: business-standard.com- Dec 13, 2018

HOME

*****************

## No proposal to change existing FDI policy in multi-brand retail trade: DIPP Secy

"You know the multi-brand retail policy that exists today. There is no proposal for change," Secretary in the Department of Industrial Policy and Promotion (DIPP) Ramesh Abhishek said here.

The government has no proposal to change the existing foreign direct investment (FDI) policy in the multi-brand retail trading sector, a top official said on Thursday.

"You know the multi-brand retail policy that exists today. There is no proposal for change," Secretary in the Department of Industrial Policy and Promotion (DIPP) Ramesh Abhishek said here.

He was replying to a question whether the government is looking at increasing FDI cap to 100 per cent in the sector, a politically sensitive segment.

Although the current FDI policy permits overseas players to hold 51 per cent stake in an Indian multi-brand retail company, the BJP in its election manifesto had opposed overseas investment in the retail segment.

So far, only one foreign player, Tesco, has received approval for opening stores under the multi-brand retail policy. The previous UPA government had cleared the proposal.

The statement assumes significance as industry body CII in its recent report suggested the government to permit 100 per cent FDI in multi-brand retail trade. Confederation of All India Traders (CAIT) has strongly opposed this suggestion.

Abhishek said the USD 650 billion retail sector is growing fast and that it holds huge potential for businesses. "Organised retail is only 10 per cent (of this figure) and out of that e-commerce is only 3 per cent. I think there is a tremendous scope for growth in e-commerce and organised retail," he said.

Abhishek said with growing middle class and increasing incomes, the retail sector is set for a massive revolution.

"So there is a plenty of scope to make money and do well," he said here at CII's conference on 'MNCs and India: Creating Mutual Value'. Further, the secretary asked the industry to provide convincing arguments and detailed analysis while recommending some policy changes.

On reducing corporate tax, Abhishek said his department too favours cut in this tax rate and " we definitely hope that a more competitive environment will be made for tax rates".

Finance Minister Arun Jaitley had lowered corporate tax rate to 25 per cent for businesses with turnover up to Rs 250 crore.

Source: moneycontrol.com- Dec 13, 2018

HOME

*****************

# Rieter organises Com4 Yarn seminar in Ahmedabad

Rieter, a Switzerland-based Leading supplier of systems for short staple spinning, held a Com4 Yarn seminar in India's textile city of Ahmedabad. At the end of the seminar, attendees gained detailed technological knowledge of the 4 established yarn spinning systems and the the effect of yarn characteristics on downstream processes. They also had experienced the feel of fabrics made out of all the 4 different end spinning systems.

Technicians and other downstream processing specialists from various companies were informed on the yarn characteristics of the 4 spinning systems and were able to draw conclusions on the downstream behaviour and the influence on the final product appearance and its properties.

The ring yarn spun on Rieter ring spinning machines is marketed under the name Com4 ring, the compact yarn produced on the compact spinning machine is marketed as Com4 compact, the rotor yarn from the rotor spinning machine under Com4 rotor and the air-spun yarn from the air-jet spinning machine under Com4 jet.

"Yarns spun on Rieter spinning machines fulfill the most challenging requirements. Outstanding properties and constant high-quality safeguard the competitive edge in a dynamic market. Each of these yarns is distinguished by a special yarn character and its related yarn properties. The yarns have different qualitative or economic advantages, not only for downstream processors but also for end users," the participants were informed during the course of the seminar.

Additionally, information was also shared about Rieter's yarn marketing and the Rieter Com4 yarn family. Samples of various fabrics and international reference list of all Com4 licensed yarn manufacturers was also provided to the participants.

Source: fibre2fashion.com- Dec 13, 2018

HOME

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